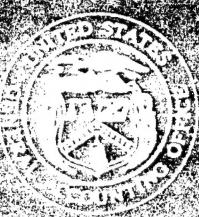


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July 1992

FOOD ASSISTANCE

Nutritional Conditions and Program Alternatives in Puerto Rico



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**Comptroller General
of the United States**

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July 21, 1992

The Honorable Patrick J. Leahy
Chairman
The Honorable Richard G. Lugar
Ranking Minority Member
Committee on Agriculture,
Nutrition, and Forestry
United States Senate

The Honorable E (Kika) de la Garza
Chairman
The Honorable E. Thomas Coleman
Ranking Minority Member
Committee on Agriculture
House of Representatives

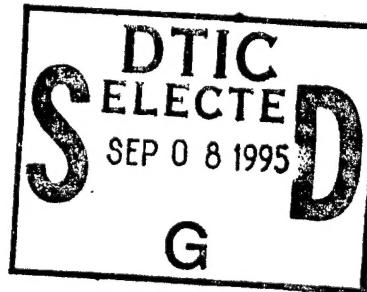
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In response to the requirements of section 1762 of the Food, Agriculture, Conservation, and Trade Act of 1990 (P.L. 101-624), this report provides information on selected aspects of federal food assistance in Puerto Rico and the potential impacts of program modifications.

We will send copies of this report to the Secretary of Agriculture, the Secretary of Health and Human Services, the Governor of the Commonwealth of Puerto Rico, the Resident Commissioner of Puerto Rico, and other interested parties. We will make copies available to others upon request.

This work was performed under the direction of John W. Harman, Director of Food and Agriculture Issues in the Resources, Community, and Economic Development Division, who may be reached at (202) 275-5138. Other major contributors to this report are listed in appendix VII.

J. DeLoach
Charles A. Bowsher
Comptroller General
of the United States



Executive Summary

Purpose

Concerned about the size, expense, and management of the Food Stamp Program in the Commonwealth of Puerto Rico, the Congress replaced the Food Stamp Program in Puerto Rico with an \$825-million annual food assistance block grant in fiscal year 1981. In July 1982, Puerto Rico began operating the Nutrition Assistance Program (NAP), a cash food assistance program funded by the block grant.

In response to concerns that federal food assistance in Puerto Rico might not safeguard recipients against hunger and afford them the same nutritional benefits as other U.S. citizens receiving federal food assistance, the Congress, under the Food, Agriculture, Conservation, and Trade Act of 1990, directed GAO to study (1) the nutritional needs of the citizens of the Commonwealth, with particular emphasis on the elderly and children, and (2) potential alternative means of providing nutrition assistance in Puerto Rico. Because of the cost and time required to survey nutrition in Puerto Rico, GAO, with the concurrence of the Senate Committee on Agriculture, Nutrition, and Forestry and the House Committee on Agriculture, relied on available nutrition studies to identify the nutritional needs of Puerto Ricans. GAO also reviewed three alternatives for providing food assistance, including restoring the Food Stamp Program to the Commonwealth, increasing benefits under NAP, and adjusting NAP's eligibility criteria or other factors as was done under the Food Stamp Program for Alaska, Hawaii, Guam, and the Virgin Islands.

Background

NAP, like the Food Stamp Program, is designed to improve the nutrition of low-income people by supplementing their monthly household income. Monthly NAP benefits, like food stamp benefits, vary by household size and net income, and the program is available to all applicants who meet its eligibility criteria.

NAP differs from the Food Stamp Program in three significant respects: (1) NAP participants receive monthly benefits in the form of a check rather than as coupons, (2) the use of NAP's cash benefits is not restricted, and (3) NAP benefit levels are limited by the block grant's congressionally imposed ceiling. Because of limitations on funding, NAP participants must meet more restrictive participation criteria than Food Stamp Program recipients.

Results in Brief

Because NAP's criteria are more restrictive, about 20 percent fewer people were receiving food assistance under NAP than would have received

assistance under the Food Stamp Program in fiscal year 1990, and those that are receiving NAP benefits are receiving less assistance than they would have received if the Food Stamp Program had been continued. However, no current islandwide nutrition studies are available to assess the specific nutritional impacts of having replaced the Food Stamp Program with NAP or the current nutritional conditions of the general Puerto Rican population.

Food assistance alternatives, such as restoring the Food Stamp Program in the Commonwealth or adjusting NAP benefits and eligibility criteria as some food stamp benefits and criteria were adjusted for some states and territories would increase program assistance levels and participation in Puerto Rico. However, these changes would also increase program costs, and additional funding would be needed to accommodate the resulting increases. The specific nutritional impacts of these potential program alternatives could not be reliably estimated because many variables influence the overall nutrition of individuals.

Principal Findings

Information Is Insufficient to Assess Nutritional Conditions

Studies and information on nutritional conditions in Puerto Rico are either out of date or too limited in scope to be of value in determining the present nutritional status of the general Puerto Rican population, children, and the elderly. Puerto Rican officials suspect that nutrition problems exist; however, they agree that without more current information it is difficult to assess nutritional conditions on the island. Studies conducted during the 1970s and early 1980s indicated that nutritional conditions had improved on the island since the early part of the century. According to some of these studies, (1) the average Puerto Rican diet appeared sufficient to meet recommended dietary standards, and (2) nutrient intake in Puerto Rico was similar to that in the United States. However, these studies cannot be used to characterize nutrition in Puerto Rico.

Benefits and Participation Declined Under NAP

After NAP replaced Puerto Rico's Food Stamp Program, annual federal food assistance benefits to the Commonwealth declined. Under the Food Stamp Program, Puerto Rico received \$915 million in federal funds for fiscal year 1981. However, under the block grant, annual federal funding from fiscal years 1982 through 1986 was capped at \$825 million—a \$90-million, or

10-percent reduction from the fiscal year 1981 food stamp funding level. From fiscal years 1987 to 1990, the block grant appropriation increased by approximately 3 percent annually to \$937 million in fiscal year 1990. Subsequent legislation has authorized additional annual increases in the block grant, raising the total appropriation for fiscal year 1995 to \$1.13 billion—a 21-percent increase from fiscal year 1990.

According to the U.S. Department of Agriculture (USDA), the average number of Puerto Ricans receiving food assistance each month declined from about 1.84 million persons under the Food Stamp Program in June 1982 to about 1.69 million persons under NAP in July 1982—a decrease of about 8 percent. A 1983 USDA evaluation of NAP and discussions with USDA and Commonwealth officials indicated that restrictions on NAP's eligibility criteria, such as reductions in allowable household monthly income limits, were primarily responsible for the initial decline in program participation. By fiscal year 1986, the average number of Puerto Ricans participating each month in NAP had declined to about 1.47 million—a decrease of about 20 percent from the June 1982 number. In fiscal year 1990, an average of about 1.48 million persons participated each month in NAP. Although the initial decline in NAP participation was largely due to the reduction in funding for the program, many other factors may have contributed to further decreases in participation in subsequent years.

Alternatives to NAP Would Increase Costs

GAO's review of three food assistance alternatives—(1) restoring the Food Stamp Program to Puerto Rico, (2) increasing benefits under NAP, and (3) adjusting NAP's eligibility and benefit criteria as was done under the Food Stamp Program in Alaska, Hawaii, Guam, and the Virgin Islands—revealed that each alternative would increase program participation and costs.

Using two different evaluation methods to determine the impacts of restoring the Food Stamp Program in Puerto Rico, GAO estimated that total benefits available to the Commonwealth in fiscal year 1990 under the Food Stamp Program could have ranged from a low of about \$1.2 billion to a high of about \$1.6 billion, or from about \$300 million to about \$700 million more than the \$895 million in actual benefits that NAP participants received. These estimates assume an increase in monthly program participation during fiscal year 1990 from the 1.48 million persons who actually received NAP benefits to about 1.8 million persons who, according to a Congressional Research Service estimate, would have received benefits that year under the Food Stamp Program.

GAO estimated that if NAP benefits had increased to the aggregate value of benefits that would have been available under the Food Stamp Program in fiscal year 1990, about 1.48 million NAP participants would have received total benefits ranging from about \$1.0 billion to about \$1.3 billion that year, or about \$100 million to about \$400 million more than they received in fiscal year 1990.

GAO also found that Puerto Rico can adjust NAP participation and benefit criteria to account for differences in the cost of food and housing between the Commonwealth and the contiguous 48 states. Higher Food Stamp Program benefits in Alaska, Hawaii, Guam, and the Virgin Islands reflect higher food prices in these areas. However, the usefulness of such adjustments could be limited by the cap on NAP's block grant. Alternatively, the Congress could provide additional funding to pay the cost increases resulting from changes in program criteria.

Recommendations

This report presents information on food assistance and nutrition in Puerto Rico and reviews alternatives for providing food assistance to the Commonwealth; it contains no recommendations.

Agency Comments

USDA generally agreed with the information presented in a draft of this report and provided some technical corrections and clarifying information that have been incorporated in the report where appropriate. Although the Governor of the Commonwealth of Puerto Rico commanded GAO for conducting its review with limited time and resources, he stated that the report failed to meet the congressional intent of the mandated study because GAO did not conduct an islandwide nutrition survey. In keeping with the requirements of the statute, GAO—with the agreement of congressional offices, including the office of Puerto Rico's congressional representative—performed a study that relied primarily on existing surveys of nutrition rather than on a new survey that would have cost about \$2 million to conduct and could not have been completed by the mandated reporting date.

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Abbreviations

CDC	Centers for Disease Control
CRS	Congressional Research Service
CSFII	Continuing Survey of Food Intakes by Individuals
ERS	Economic Research Service
GAO	General Accounting Office
HHS	Department of Health and Human Services
HNIS	Human Nutrition Information Service
NAP	Nutrition Assistance Program
NHANES	National Health and Nutrition Examination Survey
NIH	National Institutes of Health
RDA	Recommended Dietary Allowances
USDA	U.S. Department of Agriculture

Introduction

Concerned about the size, expense, and management of the Food Stamp Program in the Commonwealth of Puerto Rico, the Congress included a provision in the Omnibus Budget Reconciliation Act of 1981 (P.L. 97-35, Aug. 31, 1981) that replaced the Commonwealth's Food Stamp Program with an annual block grant for nutrition assistance. The Congress gave the Commonwealth broad flexibility to establish a food assistance program specifically tailored to the needs of its low-income households. Puerto Rico subsequently established its own food assistance program in July 1982. Commonwealth officials assert that since the changeover, federal food assistance is far lower than it would have been under the Food Stamp Program, average monthly benefits have decreased, and tens of thousands of food stamp recipients have lost their food assistance benefits altogether.

Block Grant Funding Has Replaced the Puerto Rican Food Stamp Program

USDA's Food Stamp Program

Administered nationally by the U.S. Department of Agriculture's (USDA) Food and Nutrition Service and statewide and locally by state welfare and human services agencies, the Food Stamp Program is the nation's primary food assistance program. The program is designed to improve nutrition among low-income households by increasing their food purchasing power and enabling them to buy more food. Anyone who meets eligibility requirements is entitled to receive the authorized benefit. Program eligibility and allotments are based on household size and income, assets, housing costs, work requirements, and other factors. Initiated as a pilot program in 1961 and made permanent in 1964, the program issues monthly allotments of coupons, or stamps, which participants can use at retail food stores to buy food or food products, including seeds and plants for producing food in home gardens. The coupons cannot be exchanged for cash or used to purchase (1) alcoholic beverages and tobacco; (2) hot foods ready to eat or food intended to be heated in the store (the elderly and the homeless can, however, use coupons to purchase prepared foods); (3) lunch counter items or foods to be eaten in the store; (4) vitamins or medicines; (5) pet foods; or (6) any nonfood item. Benefit levels are calculated on the basis of the Thrifty Food Plan, a hypothetical market

basket of foods for a nutritious diet, the cost of which is derived from a nationwide survey of actual food prices. During fiscal year 1990, 20 million persons received a monthly average of about \$59 in food stamp benefits at a total annual cost for coupons of about \$14 billion. Average monthly food stamp benefits increased to about \$64 per person in fiscal year 1991 at a total annual cost for coupons of about \$17.3 billion. (We used program figures for fiscal year 1990—the last year, at the time of our review, that complete program data were available for comparison and analysis.)

Food Stamp Program in Puerto Rico

As U.S. citizens, eligible Puerto Ricans have historically received assistance through a number of federal programs, including the Food Stamp Program, which was implemented in Puerto Rico during 1974. Although food stamp eligibility standards and essential program features were roughly the same for Puerto Rico and the United States, the basic levels of allotments and deductions in Puerto Rico were different from (and typically less than) the values on the mainland, according to USDA.

According to a March 1983 USDA study,¹ in fiscal year 1981 approximately 1.8 million Puerto Ricans, or about 56 percent of the island's population, participated in the Food Stamp Program. Puerto Rican participation represented about 8 percent of the participation in the program nationwide, and Puerto Rico received approximately \$915 million in food stamp benefits, or about 8 percent of total program benefits. According to USDA's projections for fiscal year 1982, the 1.8 million Food Stamp Program participants in Puerto Rico would have received about \$1 billion, or about 10 percent of total program benefits, if the Commonwealth had continued to participate in the Food Stamp Program.

Nutrition Assistance Program

In response to concerns about the size, expense, and management of the Food Stamp Program in Puerto Rico, the Congress enacted section 116 of the Omnibus Budget Reconciliation Act of 1981 (P.L. 97-248, Aug. 13, 1981), which replaced the Food Stamp Program in Puerto Rico with a capped block grant of \$825 million—a \$90-million, or 10-percent, reduction from the \$915 million authorized to the Puerto Rican Food Stamp Program in fiscal year 1981. From fiscal years 1982 through 1986, annual block grant funding remained constant while inflation reduced consumer purchasing power by a total of about 4 percent for the 5-year period. From fiscal years 1987 to 1990, the authorized appropriation level increased by

¹Evaluation of the Puerto Rico Nutrition Assistance Program, Office of Analysis and Evaluation, Food and Nutrition Service, USDA (Mar. 9, 1983).

approximately 3 percent annually to \$937 million in fiscal year 1990. Subsequent legislation has authorized additional annual increases in the block grant appropriation, raising the total authorized appropriation for fiscal year 1995 to \$1.13 billion—a 21-percent increase from the fiscal year 1990 appropriation.

The 1981 act gave the Commonwealth considerable flexibility in designing a food assistance program, allowing it to establish its own eligibility criteria, benefit levels, and administrative procedures to meet the needs of its low-income population. On July 1, 1982, the Commonwealth of Puerto Rico began operating its new food assistance program, which it named the Nutrition Assistance Program (NAP). Although NAP has the same fundamental objectives as the Food Stamp Program, it differs from the Puerto Rican Food Stamp Program in that participants receive monthly benefits in the form of a check rather than as coupons, benefits are limited by the block grant's congressionally imposed ceiling, and recipients are not restricted in their use of the cash benefits.

Under the Food Stamp Program and NAP, determinations of eligibility and benefits to participants are based on a household's countable assets and monthly gross and net income. Countable assets include checking or savings account deposits, cash, stocks and bonds, property, land, and vehicles. Monthly net income is calculated by subtracting deductions for specified expenses, such as housing, dependent care, and medical care, from the household's monthly gross income. To bring benefit levels into line with available block grant funding, Commonwealth officials sharply reduced NAP's allowable asset limits and gross income deductions from those that had been established for Puerto Rico under the Food Stamp Program.

Information from USDA revealed that the average number of Puerto Ricans receiving food assistance declined from about 1,841,000 persons in June 1982 (the last month under the Food Stamp Program) to about 1,690,000 persons in July 1982 (the first month under NAP), a decrease of about 151,000 persons, or about 8 percent. According to USDA's 1983 study, restrictions on eligibility criteria made necessary by the reduction in funding under the NAP block grant were principally responsible for the initial decline in program participation. By fiscal year 1986, the average number of Puerto Ricans participating monthly in NAP had declined to about 1,475,000—a reduction of about 366,000 persons, or 20 percent, from the June 1982 food stamp participation level. During fiscal year 1990, NAP served an average of 1,480,000 persons per month. Although the initial

decline in NAP participation was largely due to the reduction in funding for the program, many other factors may have contributed subsequently to further decreases in participation. For example, between 1983 and 1986, unemployment in Puerto Rico decreased by more than 30 percent, a factor that may have reduced the number of persons eligible for food assistance through NAP. A comparison of the provisions for determining eligibility and benefits under the Food Stamp Program and NAP appears in appendix I.

Other Nutrition Programs in Puerto Rico

In addition to NAP, a number of other federal food assistance programs operated in Puerto Rico during fiscal year 1990. Some of these programs include the National School Lunch and Breakfast Programs, The Emergency Food Assistance Program, and the Special Supplemental Food Program for Women, Infants and Children. During fiscal year 1990, federal funding for food assistance to Puerto Rico totaled about \$1.17 billion, of which about \$937 million, or about 80 percent, was provided under NAP.

Objectives, Scope, and Methodology

Section 1762 of the Food, Agriculture, Conservation, and Trade Act of 1990 (P.L. 101-624, Nov. 28, 1990), stated that it is the policy of the Congress that citizens of the United States who reside in the Commonwealth of Puerto Rico be safeguarded against hunger and treated on an equitable and fair basis with other citizens under federal nutrition programs. Concerned that federal food assistance in Puerto Rico might not meet these objectives, the Congress directed us to study two issues: (1) the nutritional needs of the citizens of the Commonwealth of Puerto Rico, and (2) possible alternative means of providing nutrition assistance in the Commonwealth of Puerto Rico.

Regarding the nutritional needs of Puerto Ricans, the legislation directed us to study

- the nutritional adequacy of the diets of members of households receiving assistance under the Nutrition Assistance Program and of other households not currently receiving assistance,
- the incidence of inadequate nutrition among children and the elderly residing in the Commonwealth, and
- the nutritional impact of restoring the level of nutrition assistance provided to households in the Commonwealth to the level of the assistance provided to other households in the United States.

Regarding the possible alternative means of providing nutrition assistance in the Commonwealth of Puerto Rico, the legislation directed us to study

- the impact of restoring the Food Stamp Program to the Commonwealth,
- the impact of increasing the benefits provided under the Nutrition Assistance Program to the aggregate value of food stamp coupons that would be distributed to Puerto Rican households if the Commonwealth were to participate in the Food Stamp Program, and
- the usefulness of adjustments to standards of eligibility and other factors appropriate to the circumstances of the Commonwealth comparable to those adjustments made under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.) for Alaska, Hawaii, Guam, and the Virgin Islands of the United States.

To obtain information on the nutritional needs of Puerto Ricans, we

- gathered available data from the U.S. Department of Health and Human Services' Centers for Disease Control, and from Commonwealth agencies, including the Department of Social Services and the Department of Health, regarding the nutritional and health impacts of federal and nonfederal food assistance programs in the Commonwealth;
- interviewed USDA and Commonwealth agency officials who had information concerning the development of NAP and obtained relevant demographic, health, and nutrition-related data;
- acquired information from academic and health-care specialists in Puerto Rican nutrition to obtain their perceptions of the adequacy of federal food assistance in the Commonwealth, particularly after the replacement of the Food Stamp Program by NAP; and
- collected available reports and reference materials on food consumption and nutrition that had been identified by nutrition professionals or cited in the literature as the principal sources of information available for Puerto Rico, or relied on references to such works in the absence of specific documents.

Our work revealed that information available on the islandwide nutritional condition of the Puerto Rican population is scarce. It further revealed that conducting an islandwide nutrition survey in Puerto Rico would be time-consuming and costly. We discussed this shortage of information with the offices of the Senate Committee on Agriculture, Nutrition, and Forestry and of the House Committee on Agriculture and considered the possibility of conducting an islandwide survey to assess nutritional

conditions in the Commonwealth. However, such a survey could cost \$2 million or more and could require several years to complete. Given the technical complexities of such a survey and the limits on our reporting time frame—our mandate required us to complete our work by August 1, 1992—we agreed with the Committee offices to limit our review to available information only. We also agreed to provide a list of federal agencies that could conduct a nutrition survey. This list appears in appendix II of this report.

To obtain information on possible alternative means of providing nutrition assistance in the Commonwealth of Puerto Rico, we took the following steps. First, we

- gathered and analyzed information on NAP benefit levels and eligibility criteria, program benefit methodology and eligibility data, annual program operating plans, and program files and reports; and
- gathered, analyzed, and compared program data on benefit levels and numbers of recipients served before and after the changeover in Puerto Rico from the Food Stamp Program to NAP.

Second, we

- gathered pertinent information on the Food Stamp Program, including nationwide eligibility and benefit calculation criteria, and the special adjustments made for Alaska, Hawaii, Guam, and the Virgin Islands.

Third, we

- obtained cost estimates from USDA, the Congressional Budget Office, and the Congressional Research Service on the consequences of various changes in NAP benefit levels and eligibility criteria.

Lastly, we

- gathered and analyzed Puerto Rican household income, expense, and food cost information; inflationary trends; and various economic data.

Using this information, we estimated the changes in funding and program participation that would result from implementing the program alternatives included in our legislative mandate. The specific techniques that we used to analyze each alternative are presented in chapter 3.

In addition to gathering information on the possible use of these alternatives for providing nutrition assistance in Puerto Rico, we also

- identified other federal food assistance programs operating in Puerto Rico and obtained information on the purpose of each program, number of participants in each program, and total dollar value of program benefits provided to recipients during fiscal years 1989 and 1990.

Chapter 2 of this report presents the results of our work on nutritional conditions in Puerto Rico. Chapter 3 presents information on potential alternatives for providing nutrition assistance to Puerto Rico, including restoring the Food Stamp Program to the Commonwealth, changing NAP benefits and eligibility criteria, and adjusting special Food Stamp Program criteria as was done for Alaska, Hawaii, Guam, and the Virgin Islands.

We conducted our review from March 1991 to February 1992 in accordance with generally accepted government auditing standards. Comments provided by USDA and by the Commonwealth of Puerto Rico on a draft of this report appear in appendixes V and VI. We summarize and evaluate these comments in chapters 2 and 3.

Nutritional Condition of Puerto Ricans Cannot Be Determined Because Data Are Insufficient

The quality of nutrition in Puerto Rico has attracted public attention since the early 1900s, and studies on the island's nutrition have been carried out since the late 1920s. However, much of this research is not directly comparable because it has been conducted over different time intervals and has focused on specific populations and communities within Puerto Rico. Some islandwide nutrition studies have been completed over the years; however, none are current, and none can be used to describe the current nutritional status of the general Puerto Rican population, including children or the elderly. Although we could not assess current nutritional conditions in Puerto Rico, earlier studies appear to indicate that these conditions have improved over the years. Furthermore, studies conducted during the 1970s and 1980s did not indicate that severe overall nutritional deficiencies existed in Puerto Rico. Among the studies, some found that the average Puerto Rican diet was sufficient in many cases to meet the Recommended Dietary Allowances (RDA).¹ These studies also indicated that the general nutrient intake of the Puerto Rican population seemed to parallel that of the U.S. population.

Commonwealth officials have expressed much interest in further study of the current nutritional condition of the Puerto Rican population. However, some experts have stated that an islandwide nutrition study in Puerto Rico would be complex, costly, and time-consuming.

Available Information Is Not Sufficient to Assess Nutrition in Puerto Rico

Although nutrition studies were performed in Puerto Rico as early as the 1920s, subsequent research has been conducted over different time intervals and has focused on specific population groups. Current data on nutrition are scarce. Overall, available nutrition data on Puerto Rico are out of date and do not reflect current islandwide nutritional conditions.

Early research on nutrition in Puerto Rico included studies conducted in the 1920s and early 1930s on vitamin and mineral intake, food sources, and the vitamin content of certain foods. Further studies on nutrition and food consumption, which were carried out during the 1930s and 1940s, focused on the nutritional status of different populations within Puerto Rico. However, these studies generated limited islandwide data on nutrition.

One of the first islandwide studies of diet and nutrition in Puerto Rico was conducted in 1946. This study, entitled Patterns of Living in Puerto Rican Families (Roberts and Stefani, 1949), collected extensive data on family

¹RDAs represent an estimated standard of dietary adequacy. They are revised periodically to reflect current nutrition research.

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characteristics, living condition, diet, and educational and cultural factors. The study has served as a basis of comparison for subsequent studies of nutrition in Puerto Rico. According to the study, about 75 percent of the families surveyed were living on markedly inadequate diets, and only 7 to 8 percent came close to meeting dietary requirements.

Comprehensive data on nutrition in the Commonwealth remained scarce until a series of nutrition surveys were performed from 1962 to 1968. The information collected from three study efforts comprised a wide variety of socioeconomic, dietary, clinical, biochemical, and parasitological data. These efforts included a set of studies of five rural areas conducted between 1963 and 1965, an islandwide survey conducted in 1966 that has been cited as containing more nutrition data on Puerto Rico than any other islandwide research, and a survey of an urban area conducted in 1968.

In 1975, the director of all three study efforts summarized the results of this research at the Conference on Nutrition in the Causation of Cancer at Key Biscayne, Florida, in a report entitled Nutrition in Puerto Rico (Nelson A. Fernandez, May 1975). All three surveys identified two principal findings: (1) few Puerto Ricans showed signs associated with specific nutritional deficiencies and (2) some Puerto Ricans showed signs of moderate undernutrition, indicated primarily by growth delay during early childhood through adolescence. The 1966 islandwide survey also found a high prevalence of obesity, indicating the coexistence of under- and overnutrition problems. The president of Puerto Rico's Department of Consumer Affairs' Food and Nutrition Commission similarly stated in March 1990 that both under- and overnutrition exist in Puerto Rico, especially among children and adolescents.

In 1976, Puerto Rico's Department of Health reported the findings of its 1975-1976 islandwide nutrition survey entitled Estudio del estado nutricional de la población de Puerto Rico. Among other things, the survey, which was based on a representative sample of 1,737 households, estimated that the average Puerto Rican consumed a diet in excess of the RDA. The survey also found that the Food Stamp Program improved the nutritional status of households participating in the program.

In 1977, USDA collected information on food consumption in Puerto Rico from about 3,000 households as part of its Nationwide Food Consumption Survey. This survey is conducted once each decade and addresses two aspects of food consumption: household food use, measured over 7 days,

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and individual food use (intake), measured over 3 days. The purposes of the survey include evaluating the nutritional content of household and individual diets and detecting shifts in food use. Among other things, the 1977 USDA survey in Puerto Rico found that Puerto Rican diets, on average, were sufficient to provide the RDA for food energy and the 11 nutrients evaluated by the study. Nutrient intake in Puerto Rico was also found to be generally higher than in the United States. This was the only Nationwide Food Consumption Survey that included Puerto Rico.

In March 1983, USDA issued a preliminary report entitled Evaluation of the Puerto Rico Nutrition Assistance Program. This legislatively mandated report required USDA to conduct a study of cash food assistance in Puerto Rico and of its impact on the nutritional status of residents and on the economy of Puerto Rico. The report compared nutrition levels under NAP with levels under the Food Stamp Program and estimated changes that had occurred. Changes in food consumption and nutritional adequacy were estimated from known statistical relationships among income, food stamp benefits, food consumption, and the nutritional contents of foods. The report stated that no adequate baseline food consumption data for Puerto Rico were available for the period immediately preceding the implementation of NAP, nor were any food consumption data available for the period following the start of the program. The report also cited major drawbacks to using the 1977 Nationwide Food Consumption Survey data to evaluate the nutritional impact of NAP. For example, the report noted that the 1977 data were gathered over a short period of time rather than collected through repeated measurements over a span of time, and the data were gathered 5 years before Puerto Rico's conversion to NAP.

Despite the disadvantages of these data sources, USDA reported that the overall levels of nutritional adequacy for household diets in Puerto Rico and the United States were similar during the period that the Food Stamp Program was operating in Puerto Rico. About half of all Puerto Rican households met the RDA for the group of 11 nutrients measured by the study. Furthermore, the study stated that a higher proportion of Puerto Rican than U.S. households met 100 percent of the RDA for energy and several nutrients. However, the report noted that the diets of food stamp households in Puerto Rico were less likely to be nutritionally adequate than the diets of Puerto Rican households overall or of food stamp households in the United States. On the basis of a statistical analysis of various socioeconomic and demographic variables, the report estimated that, as a result of the conversion to NAP, about 1 to 12 percent of food

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stamp households in Puerto Rico might not meet 100 percent of their RDA for one or more of the 11 nutrients studied.

In 1985, USDA issued a legislatively mandated report evaluating the effects of NAP on food expenditures and diet quality in Puerto Rico. Published in two volumes, the report was entitled Evaluation of the Nutrition Assistance Program in Puerto Rico (Vol. I, Mar. 1985; Vol. II, June 1985). The report included an analysis of the quality of the diets of all households, as well as of food assistance recipients in Puerto Rico, and it compared the Puerto Rican food consumption data collected in 1984 with the data obtained in USDA's 1977 Nationwide Food Consumption Survey in Puerto Rico. The 1984 data were collected from a randomly selected sample of about 2,500 households that were representative of the population islandwide. The 1985 report noted that the methodology for collecting the data in the 1977 and 1984 data bases was almost identical.

USDA's examination of the change in the availability of nutrients between 1977 and 1984 indicated that (1) the quality of the diets of Food Stamp Program and NAP households was generally high in both 1977 and 1984, (2) the quality of the diets of NAP participants in 1984 was generally equivalent to or better than that of NAP-eligible participants in 1977, and (3) household expenditures for food were less under NAP than under the Food Stamp Program, indicating a reduction in the availability of nutrients from food used at home. The study also reported that the diets of most households in Puerto Rico satisfied the requirements for food and energy nutrients in both years. In conclusion, the study found that the change from coupons to cash benefits in Puerto Rico had had little or no effect on expenditures for food or on the quality of diets in Puerto Rican households. However, restrictions on eligibility and benefits implemented through NAP have resulted in slight reductions in both diet quality and food expenditures.

**USDA and
Commonwealth
Officials Cited
Nutrition Information
Limitations**

USDA and Commonwealth officials agree that research on nutrition in Puerto Rico, whether performed by the academic community or by Commonwealth agencies, has been limited. These officials also believe that one of the last detailed nutrition surveys in Puerto Rico was conducted by USDA in 1977. In addition, Commonwealth officials have cited several limitations associated with the data presently available as a basis for evaluating current nutrition in Puerto Rico. For example, they told us that much of the information on nutrition in Puerto Rico is derived from a limited number of studies that were conducted over different periods of time and focused on separate population groups. In addition, the officials

noted that because the studies' methodologies differed, their findings might not be comparable.

In January 1992, we met with USDA officials to review the principal findings that we had developed from the data that we had gathered. They agreed with our assessment that islandwide nutrition information on Puerto Rico was scarce and that what information was available could not be used to assess the current nutritional status of the Commonwealth's population.

A Comprehensive Survey of Nutrition Would Be Costly

Commonwealth officials have expressed interest in further research on nutrition among various Puerto Rican populations. Their interest is especially high in nutrition research for recipients of the various federal food assistance programs available in the Commonwealth. Furthermore, Commonwealth officials are concerned about possible links between diet and chronic diseases on the island and have cited nutritional deficiencies in the Puerto Rican diet.

If a federal agency were to initiate a nutrition study in Puerto Rico, nutrition professionals said, several factors should be considered. For example, they told us that the complex preparations necessary to design culturally relevant data collection methods would be both time-consuming and expensive. They noted that although previous nutrition questionnaires and survey techniques exist, they would need to be modified for implementation in Puerto Rico. USDA has estimated that conducting a nutrition survey in Puerto Rico could cost about \$2 million. If medical examinations and laboratory tests were to be included for a complete assessment of the island's nutritional status, the total cost would be even higher.

Through our review of available literature and discussions with nutrition experts, we identified several federal agencies that conduct nutrition studies (see app. II). This listing is intended to be representative rather than exhaustive, and it is offered without any assurances concerning the quality of the agencies' research.

Conclusions

Although historical data are available from several early islandwide nutrition studies, they are of limited value in assessing the current nutritional status of the Puerto Rican population. The data presently available are scarce and, generally, do not provide a comparable basis for evaluating current nutritional conditions in Puerto Rico. Although we

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Nutritional Condition of Puerto Ricans
Cannot Be Determined Because Data Are
Insufficient

could not assess the adequacy of present-day nutrition in Puerto Rico or the nutritional impact of the change from the Food Stamp Program to NAP, earlier studies and literature appear to indicate that the overall nutritional status of the Puerto Rican population has continued to improve since the 1940s. Furthermore, studies conducted in Puerto Rico during the 1970s and 1980s did not indicate that severe overall nutritional deficiencies existed in Puerto Rico. According to some of these studies, the average Puerto Rican diet was, in many cases, sufficient to meet the RDA for energy and nutrients. Moreover, these studies indicated that nutrient intake in Puerto Rico was similar to that in the United States and was, in some cases, higher in Puerto Rico than in the United States.

Conducting an islandwide nutrition study to determine current nutritional conditions in Puerto Rico would be time-consuming and is estimated to cost at least \$2 million. Such a study could be done either by the Commonwealth or by any one of several federal agencies (see app. II).

Agency Comments

USDA agreed with the information included in this chapter and provided some technical comments that have been included in the chapter where appropriate. The Governor of Puerto Rico commended our efforts to conduct our review under time and resource constraints. He also commented on the scope of our review, primarily noting that the report failed to meet the congressional intent of the mandated study because we did not conduct an islandwide nutrition survey. USDA's and the Governor's complete comments on this report and our responses are contained in appendixes V and VI, respectively.

Alternative Means of Providing Food Assistance in Puerto Rico

Alternative means of providing food assistance to Puerto Rico, including (1) restoring the Food Stamp Program to the Commonwealth, (2) increasing the benefits provided under NAP to Food Stamp Program levels, and (3) adjusting program eligibility standards and benefit levels as was done for Alaska, Hawaii, Guam, and the Virgin Islands would require an increase in food assistance funding for the Commonwealth. Restoring the Food Stamp Program, under the same operating parameters in effect before the implementation of NAP, would increase the number of persons eligible for food assistance by about 300,000 and increase annual costs by as much as \$700 million. Increasing NAP benefits to the level provided under the Food Stamp Program could increase annual costs by as much as \$400 million. Adjusting program eligibility standards and benefit levels for Puerto Rico as some food stamp criteria were adjusted for some states and territories would also increase program participation and costs.

The nutritional impact of these specific program alternatives could not be estimated because many variables influence the overall quality and nutrient content of individual diets. If future research on nutrition in Puerto Rico uncovers nutritional deficiencies among the general population or among specific groups, such as children or the elderly, these deficiencies may be addressed through a broad-based program, such as NAP, and/or through other programs operating in Puerto Rico, such as the Special Supplemental Program for Women, Infants and Children, that target specific groups.

Restoring the Food Stamp Program to the Commonwealth

Our analysis indicated that if the Food Stamp Program were restored in Puerto Rico as it operated in the Commonwealth before the implementation of NAP, individual benefits and annual program costs would increase.

Individual Benefits Would Increase

We estimated that if the Food Stamp Program had been operating in Puerto Rico during fiscal year 1990, the average monthly food stamp benefit for each recipient would have ranged from about \$56 to about \$74. In contrast, the average monthly benefit provided under NAP during fiscal year 1990 was about \$50.

We used two methods to develop this estimate. First, we adjusted Puerto Rico's fiscal year 1982 average monthly individual benefit (\$41) to fiscal year 1990 by applying the change that occurred in the U.S. Consumer Price Index for food (35.9 percent) during the 8-year period. Using this adjustment, we calculated that the average monthly individual food stamp

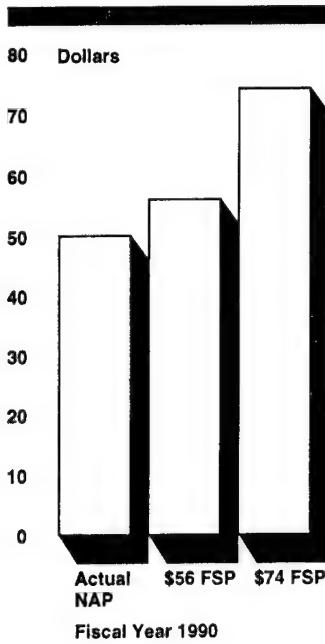
Chapter 3
Alternative Means of Providing Food
Assistance in Puerto Rico

benefit in Puerto Rico during fiscal year 1990 would have been about \$56 ($\$41 \times 1.359 = \56).

In the second method, we compared average monthly individual food stamp benefits in the United States and Puerto Rico during fiscal years 1974 to 1981 (the last full year that the program operated in the Commonwealth). This comparison showed that the average monthly benefit for Puerto Rico during the 8-year period was about 25 percent above the average monthly benefit for the United States. Applying this adjustment to the actual average monthly individual food stamp benefit of \$59 provided in the United States during fiscal year 1990, we calculated that the average monthly individual food stamp benefit in Puerto Rico during fiscal year 1990 would have been about \$74 ($\$59 \times 1.25 = \74).

Figure 3.1 compares the differences in average monthly benefits actually provided under NAP and those estimated according to two methods for a hypothetical Food Stamp Program in fiscal year 1990.

Figure 3.1: Actual NAP and Estimated Food Stamp Program Monthly Benefits



Annual Program Costs Would Increase

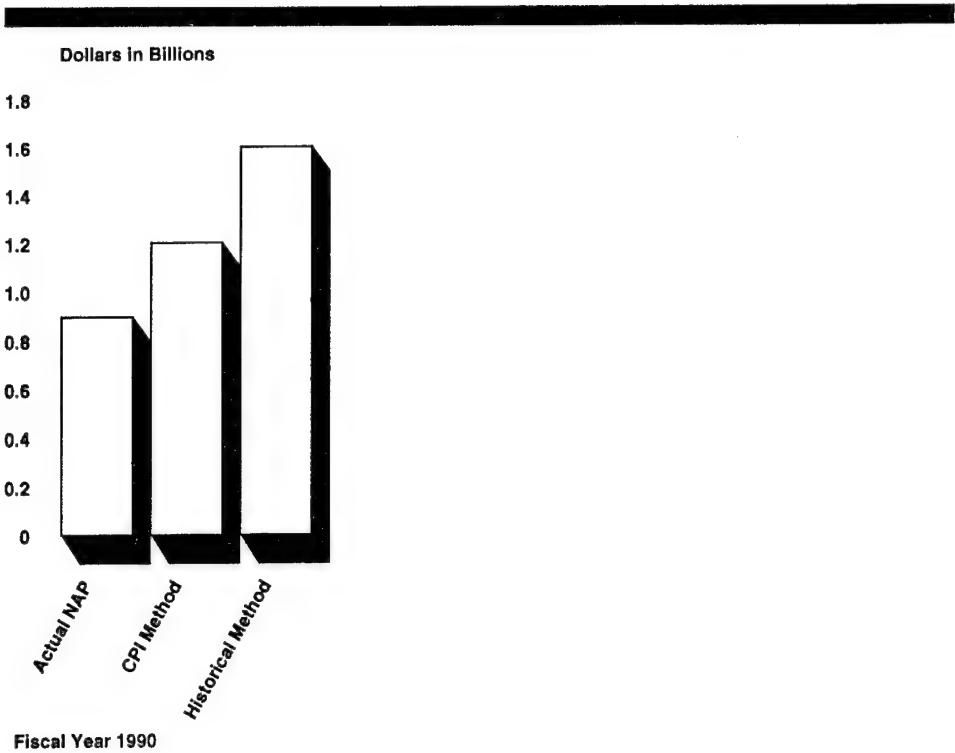
To estimate the annual funding that would be required if the Food Stamp Program were restored in Puerto Rico, we multiplied the estimated individual benefits by the estimated number of persons who might qualify

for the program. Since the Food Stamp Program and NAP have different eligibility criteria, the precise number of program participants cannot be determined for fiscal year 1990. However, according to Congressional Budget Office and USDA estimates, about 1.8 million persons might have been eligible to participate in the Food Stamp Program each month if the program had been operating in Puerto Rico during fiscal year 1990 and participation had returned to the levels observed in the early 1980s. This figure represents an increase of about 300,000 persons, or about 20 percent, over the average of 1.48 million persons that received monthly food assistance under NAP during fiscal year 1990. This estimate also coincides with the number of persons who participated in the Food Stamp Program at the time of the changeover.

On the basis of this estimate of 1.8 million participants—a number that could fluctuate up or down with changes in the Puerto Rican economy—and our estimates of average monthly individual benefits of \$56 and \$74, we calculated that restoring the Food Stamp Program in the Commonwealth could have increased the cost of benefits by an amount ranging from about \$1.2 billion to about \$1.6 billion in fiscal year 1990. This estimated increase in benefits would have exceeded the actual cost of benefits (\$895 million) provided under NAP in fiscal year 1990 by an amount ranging from about \$300 million to about \$700 million.

Figure 3.2 compares actual NAP benefit costs in fiscal year 1990 to estimated Food Stamp Program benefit costs calculated in accordance with our two methods.

**Figure 3.2: Total NAP and Food Stamp
Program Annual Benefit Costs**



Restoring the Food Stamp Program to Puerto Rico would also add about \$60 million annually in total federal and Commonwealth administrative costs, according to Congressional Budget Office estimates. Part of this increase would be attributable to functions associated with the Food Stamp Program that are not required under NAP, such as disbursing, storing, and safeguarding food stamps.

Increasing the Benefits Provided Under NAP

As previously noted, during fiscal year 1990, about 1.48 million persons in Puerto Rico received an average monthly NAP benefit of about \$50 for a total of about \$895 million in benefits. If the average monthly NAP benefit in fiscal year 1990 had, instead, ranged between \$56 and \$74 (the average monthly benefit that we estimated would have been provided under the Puerto Rican Food Stamp Program in fiscal year 1990) for about 1.48 million participants, the total annual benefits that year would have ranged from about \$1 billion to about \$1.3 billion—an increase of about \$100 million to about \$400 million over NAP's actual fiscal year 1990 benefit costs.

Because NAP is funded under a capped block grant, a change in its funding authority would be necessary to implement this alternative. For example, NAP's capped block grant could be replaced with funding authority based on participation, such as exists for the Food Stamp Program.

Adjusting NAP Criteria for Puerto Rico as Some Food Stamp Criteria Were Adjusted for Some States and Territories

The Food Stamp Program operates under nationally uniform rules except that different criteria for determining eligibility and benefits have been established for Alaska, Hawaii, Guam, and the Virgin Islands for a variety of reasons, including higher food and housing costs. These differences in criteria include higher (1) gross and net monthly income eligibility limits, (2) standard income and excess shelter expense deductions, and (3) maximum benefit levels. Although the Commonwealth government has the flexibility under current federal legislation to revise NAP's eligibility and benefit criteria, the capped block grant would restrict the implementation of any changes that would produce higher program costs. Alternatively, the federal government could provide additional funding to cover any increases resulting from changes in criteria.

Gross and Net Income Eligibility Limits

According to national standards for food stamps, all households except households with an elderly or disabled member must meet a two-tiered income test to be eligible for benefits. Households with elderly or disabled members must meet only the net income test. The household's monthly gross income, which generally includes all cash payments to the household, must not exceed 130 percent of the poverty guidelines issued by the Department of Health and Human Services, and the household's monthly net income (after allowable deductions for such items as medical and dependent care, shelter, and utilities have been subtracted) must be equal to or less than 100 percent of the poverty level.

According to USDA documents, the Food Stamp Program's gross and net income limits, which are determined by household size, are the same in the contiguous 48 states, the District of Columbia, Guam, and the Virgin Islands. However, under statutory requirements, the program's income limits for Alaska and Hawaii are 25 and 15 percent higher, respectively, than in the other jurisdictions. Thus, in these two states, households with higher incomes can be eligible for food stamp benefits. The Food Stamp Program's monthly income eligibility limits for fiscal year 1991 are listed in appendix III.

USDA stated that the 25- and 15-percent income guidelines for Alaska and Hawaii are based on an administrative practice established by the Office of Economic Opportunity in January 1966 for Alaska and in October 1969 for Hawaii. USDA further stated that salary differentials between federal workers in Washington, D.C., and federal workers in Alaska and Hawaii provided the basis for these guidelines. According to USDA, the Department of Health and Human Services updates the income poverty levels for the contiguous 48 states to determine the poverty lines for Alaska and Hawaii each year. Officials from both USDA and the Office of Management and Budget said that these poverty lines provide the basis for the higher income eligibility criteria for Alaska and Hawaii. Our review of federal cost-of-living pay differentials for Alaska and Hawaii from 1958 to 1991 showed that the 25- and 15-percent pay differential had been in effect for the two states during most of that period.

If NAP's gross and net income limits had been adjusted using the 1991 federal cost-of-living pay differential for Puerto Rico, they would have increased by 10 percent. For example, NAP's fiscal year 1991 monthly gross and net income limits of \$667 and \$513 for a family of four would have increased to about \$734 and \$564, respectively.¹ Although this adjustment would probably have increased the number of Commonwealth households eligible to participate in NAP, data on the distribution of household income in the Commonwealth are too limited to permit reliable assessment of the costs likely to have resulted from such an adjustment.

**Standard Income and
Excess Shelter Expense
Deductions**

Calculation of a household's monthly net income is important for determining eligibility and monthly benefits under both the Food Stamp Program and NAP. The Food Stamp Program allows a variety of deductions to be subtracted from a household's monthly gross income to arrive at net income. These include an annually adjusted "standard" deduction to reflect changes in the cost-of-living and a limited "shelter" deduction to compensate for housing expenses such as rent, mortgage payments, or utility costs that exceed 50 percent of the household's remaining income after all other deductions have been taken.

The Food Stamp Program's standard and shelter deductions are the same for the contiguous 48 states and the District of Columbia. However, in Alaska, Hawaii, Guam, and the Virgin Islands, these deductions are adjusted to reflect cost-of-living differences. These adjusted deductions for fiscal year 1991 are listed in table 3.1.

¹NAP's gross and net income limits have not changed since the program was implemented in July 1982.

Chapter 3
Alternative Means of Providing Food Assistance in Puerto Rico

Table 3.1: Food Stamp Program Standard and Shelter Deduction Limits During Fiscal Year 1991

Area	Standard deduction	Shelter deduction
48 states and DC	\$116	\$186
Alaska	199	323
Hawaii	165	265
Guam	233	225
Virgin Islands	103	137

Under NAP, as well as under the Food Stamp Program, a household's eligibility and monthly benefit are based on a calculation of monthly net income. NAP net income equals gross income less specified deductions that, among others, include a standard deduction of \$40. A shelter deduction is not provided under NAP. The Commonwealth formulated NAP deductions in fiscal year 1982 to keep NAP within the funding limits established by the block grant program, according to a March 1983 USDA study.²

Maximum Benefit Levels

The Food Stamp Program's maximum benefits are based on the cost of USDA's least expensive nutritionally adequate diet—the Thrifty Food Plan—as adjusted for household size and indexed annually for inflation. The Thrifty Food Plan is a hypothetical market basket of foods that can provide a nutritious diet. The plan is revised periodically to reflect changes in eating patterns, food costs, food composition, and nutritional needs. The most recent revision of the plan was published in 1983. The cost of the plan is derived from a 1977-1978 USDA survey of food consumption of low-income households. Prices were reported by survey households for each selected food item. As previously explained, maximum food stamp benefits are standard for the 48 contiguous states and the District of Columbia, but the maximum limits are exceeded in Alaska (varying between urban and rural areas), Hawaii, Guam, and the Virgin Islands (reflecting special surveys indicating substantially higher food prices). The maximum Food Stamp Program benefits in effect during fiscal year 1991 are listed in table 3.2.

²Evaluation of the Puerto Rico Nutrition Assistance Program, Office of Analysis and Evaluation, Food and Nutrition Service, USDA (Mar. 9, 1983).

Table 3.2: Maximum Food Stamp Program Benefits During Fiscal Year 1991

Number of persons	48 States and DC	Alaska				Guam	Virgin Islands
		Urban	Rural I	Rural II	Hawaii		
1	\$105	\$137	\$175	\$214	\$172	\$155	\$135
2	193	252	322	392	316	285	249
3	277	361	461	561	452	409	356
4	352	459	586	713	574	519	453
5	418	545	696	847	682	616	538
6	502	655	835	1,016	819	740	645
7	555	723	923	1,123	905	818	713
8	634	827	1,055	1,284	1,034	935	815
Each added person	+79	+103	+132	+161	+129	+177	+102

The food plans used for Alaska, Hawaii, Guam, and the Virgin Islands are roughly the same as the plan used for the 48 states and the District of Columbia. However, actual food prices in Anchorage and Honolulu are used to determine how the Thrifty Food Plan should be adjusted to reflect the price of the food plan in Alaska and Hawaii, respectively, whereas the Consumer Price Index's detailed food expenditure category is used to update the cost of the food items included in the 48-state plan.

NAP benefits are strictly determined by the total value of monthly benefit claims and available monthly funds, which depend on the funds appropriated for the annual block grant; the benefits are not determined by the Thrifty Food Plan or any other market basket survey of food costs. Because of this operational difference between the Food Stamp Program and NAP, NAP benefits could not be linked to nutrition unless (1) a food plan was developed for Puerto Rico and (2) NAP funding was adjusted regularly to reflect changes in the cost of the plan.

Impacts of Program Alternatives Could Not Be Estimated

The program alternatives discussed in this report could have a significant impact on NAP participation and benefit levels. However, the specific nutritional impacts of these alternatives could not be estimated because many variables influence the overall quality and nutrient content of individual diets. These variables include the type and amount of nutrients contained in the foods purchased, the quantity of food actually ingested, the impact on nutrients of food preparation methods, the effects of other food and nonfood items ingested, and the particular nutritional needs of individuals, particularly of those with diet-related health problems. As a

result, we were not able to estimate the specific nutritional impacts on NAP participants of implementing these possible program alternatives in Puerto Rico.

Other Programs Provide Additional Food Assistance

In addition to the program alternatives previously discussed, other federal food assistance programs operating in Puerto Rico help to address the Commonwealth's nutritional needs, although the extent to which they address these needs is unknown. Besides NAP assistance, eligible households in Puerto Rico also receive food assistance from a variety of other federal food assistance programs, including the Child and Adult Care Food Program; The Emergency Food Assistance Program; the National School Breakfast and Lunch Programs; Nutrition Programs for the Elderly; the Special Supplemental Food Program for Women, Infants and Children; and the Summer Food Service Program for Children.

As table 3.3 shows, federal food assistance benefits provided by these programs to Puerto Rico during fiscal year 1990, including NAP assistance, totaled about \$1.17 billion.

Table 3.3: Total Federal Food Assistance Funding Provided to Puerto Rico During Fiscal Year 1990

Program	Funding amount	Percent of total funding
Child and Adult Care Food Program	\$36,841	0.003
The Emergency Food Assistance Program	3,800,000	0.325
National School Breakfast Program	20,200,000	1.728
National School Lunch Program	112,900,000	9.657
Nutritional Programs for the Elderly	1,400,000	0.120
Special Supplemental Food Program for Women, Infants, and Children	90,100,000	7.707
Summer Food Service Program for Children	3,200,000	0.273
Other food donations	674,000	0.058
Subtotal	\$232,310,841	19.871
Nutrition Assistance Program	936,800,000	80.129
Total	\$ 1,169,110,841	100.000

In addition, to support the federal food assistance programs, Puerto Rico received about \$70,000 in federal funding during fiscal year 1990 for nutrition education and training programs.

In contrast to NAP and the Food Stamp Program, which provide nutrition assistance to all eligible households, these other federal programs provide nutrition assistance to specific populations, including infants, children, pregnant women, and the elderly. Each of these programs is described briefly in appendix IV.

Conclusions

Restoration of the Food Stamp Program in Puerto Rico, as well as adjustments to NAP's eligibility criteria and benefit levels such as were made for other states and territories, would require increased federal funding. If the Food Stamp Program had continued to operate in Puerto Rico, program participation and costs would have exceeded NAP's by 300,000 persons and as much as \$700 million, respectively. Likewise, changes in NAP's eligibility criteria or benefit levels would also increase program participation and costs. However, the extent of these changes or the extent to which these changes could be implemented would be limited by the funding provided under the capped block grant unless the Congress chose to provide additional funds to the Commonwealth.

The nutritional impacts of the various alternatives could not be determined with confidence because many variables influence the overall nutritional condition of individuals. Other food assistance programs operating in Puerto Rico can address nutritional needs in the Commonwealth, especially among specific populations, such as the elderly or children. However, until data are available to assess current nutritional needs in the Commonwealth, it is difficult to determine the proper federal response.

Agency Comments

USDA agrees with our conclusion that the specific nutritional impacts on NAP participants of implementing the various program alternatives in Puerto Rico could not be determined with confidence because many variables influence individual nutrition. However, USDA commented that data are available concerning the marginal propensity to consume additional food with increases in food stamps and cash assistance. For example, USDA noted that a dollar increase in food assistance does not produce a dollar in increased food purchases and commensurate increases in nutritional intake. In fact, USDA stated, the data suggest that food purchases increase by less than 50 cents for each additional dollar in food assistance provided. USDA also provided several technical comments that have been included in the report where appropriate.

Chapter 3
Alternative Means of Providing Food
Assistance in Puerto Rico

The Governor of the Commonwealth of Puerto Rico stated that the report failed to analyze the three congressionally identified food assistance alternatives separately. The Governor also stressed the importance of Puerto Rico's not having a Thrifty Food Plan and suggested that GAO conduct a comprehensive study of poverty levels and cost-of-living indicators to account properly for the Island's higher food and housing costs in developing such a plan.

USDA's and the Governor's complete comments on our report and our responses appear in appendixes V and VI, respectively.

Provisions for Determining Eligibility and Benefits Under the Food Stamp Program and NAP

Provisions	Food Stamp Program^a	NAP^b
Asset limit	\$1,500 (nonelderly) \$3,000 (elderly)	\$1,000 (nonelderly) \$3,000 (elderly)
Gross income limit (household of 4)	\$10,985 annually (\$916 monthly)	\$8,000 annually (\$667 monthly)
Net income limit (household of 4)	\$8,460 annually (\$705 monthly)	\$6,156 annually (\$513 monthly)
Earnings deduction	18 percent	20 percent
Standard deduction	\$50	\$40
Shelter/dependent care	\$40 maximum	\$40 maximum
Medical deduction	Excess above \$35	\$100 maximum
Benefit reduction rate	30 percent of net income	30 percent of net income
Maximum benefit (household of 4)	\$221	\$199
Minimum benefits	\$10 for 1- and 2- person households	Households eligible for benefits below \$10 receive \$0
Pro rata adjustment rate	None	Variable (instituted monthly if benefit claims differ from available funds)
Cost-of-living benefit adjustment	Annual food cost adjustments	None

^aThese provisions were in effect in June 1982.

^bThese provisions have been in effect since July 1982.

Federal Agencies That Have Conducted Nutrition Studies

Category	Department/Agency*	Activities
Health and status measurements	HHS/CDC	Collects, maintains, analyzes, and disseminates national data on health status and health services, including the National Health and Nutrition Examination Survey (NHANES), National Health Interview Survey, National Survey of Family Growth, National Maternal and Infant Health Survey, and National Mortality Survey
Food consumption measurements	USDA/HNIS	Performs research in human nutrition, including the National Food Measurements Consumption Survey and the Continuing Survey of Food Intakes by Individuals (CSFII)
	HHS/CDC	Conducts NHANES
	HHS/FDA	Conducts research and develops standards on the composition, quality, nutrition, and safety of food and food additives, including the Total Diet Study
Dietary knowledge and attitude assessment	HHS/NIH	Conducts and supports biomedical research into the causes, prevention, and cure of diseases, including the Nursing and Dietitian Survey
	USDA/HHS	Conducts the CSFII follow-up
	HHS/NIH	Conducts the Physician Knowledge Survey on Hypertension
Foods supply determinations	USDA/ERS	Provides a wide range of economic and other social science information

*CDC = Centers for Disease Control, ERS = Economic Research Service, HNIS = Human Nutrition Information Service, NIH = National Institutes of Health.

Food Stamp Program Income Eligibility Standards During Fiscal Year 1991

Household size	48 States	Alaska	Hawaii
Gross monthly income eligibility limits (130 percent of poverty level)			
1	\$681	\$850	\$784
2	913	1,140	1,050
3	1,144	1,430	1,317
4	1,376	1,721	1,583
5	1,608	2,011	1,850
6	1,840	2,301	2,116
7	2,072	2,592	2,383
8	2,304	2,882	2,649
Each added person	+232	+291	+267
Net monthly income eligibility limits (100 percent of poverty level)			
1	\$524	\$654	\$603
2	702	877	808
3	880	1,100	1,013
4	1,059	1,324	1,218
5	1,237	1,547	1,423
6	1,415	1,770	1,628
7	1,594	1,994	1,833
8	1,772	2,217	2,038
Each added person	+179	+224	+205

Other Federal Food Assistance Programs Operating in Puerto Rico During Fiscal Year 1990

Program	Description
The Child and Adult Care Food Program	Provides cash and commodity assistance to child and adult care centers and family day care homes. The program provided 28,287 meals in Puerto Rico during fiscal year 1990 at a total federal cost of about \$36,841.
The Emergency Food Assistance Program	Distributes surplus commodities to needy households. The program distributed about 2.5 million pounds of surplus commodities in Puerto Rico during fiscal year 1990 at a total federal cost of about \$3.8 million.
School Breakfast Program	Supports morning meals for children in schools and residential child care institutions. The program provided about 25.7 million breakfasts in Puerto Rico during fiscal year 1990 at a total federal cost of about \$20.2 million.
National School Lunch Program	Provides cash and commodity foods to nonprofit food services for free and reduced-price school lunches for needy children participating in the program. The program provided about 73.7 million lunches in Puerto Rico during fiscal year 1990 at a total federal cost of about \$112.9 million.
Nutrition Programs for the Elderly	Provide older Americans with low-cost nutritious meals, nutrition education, and an opportunity for social interaction. The program provided about 2.5 million meals during fiscal year 1990 at a total federal cost of about \$1.4 million.
Special Supplemental Food Program for Women, Infants and Children	Is designed as a preventive nutrition program to provide supplemental nutritious foods, nutrition education, and access to health care to low-income women, infants, and children at nutritional risk. During fiscal year 1990, about 131,700 Puerto Rican residents received supplemental food assistance at a total federal cost of about \$90.1 million.
Summer Food Service Program for Children	Supports nutritious meals for low-income children from May to September, enhancing child nutrition during school vacations and creating jobs in low-income communities. The program provided about 1.7 million meals during fiscal year 1990 at a total federal cost of about \$3.2 million.
Other commodity donation programs	Provided commodities for summer camps, charitable institutions, disaster feeding, soup kitchens, and food banks during fiscal year 1990 at a total federal cost of about \$674,000.

Comments From the U.S. Department of Agriculture

Note: GAO comments supplementing those in the report text appear at the end of this appendix.



United States
Department of
Agriculture

Food and
Nutrition
Service

3101 Park Center Drive
Alexandria, VA 22302

MAY 16 1992

Mr. John W. Harman
Director
Food and Agriculture Issues
U.S. General Accounting Office
Washington, D.C. 20548

Dear Mr. Harman:

This letter provides comments on your draft report entitled, Food Assistance: Nutritional Conditions and Program Alternatives in Puerto Rico, RCED-92-114.

This study was the result of congressional concern about the size, expense and management of the Food Stamp Program in the Commonwealth of Puerto Rico. In 1981, Public Law 97-35 replaced the Food Stamp Program in Puerto Rico with an annual food assistance block grant effective July 1, 1982.

The report, which was mandated by section 1762(c) of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101-624), directed GAO to conduct a study on: (1) the nutritional needs of the citizens of the Commonwealth of Puerto Rico, with particular emphasis on the elderly and children; and (2) possible alternative means of providing nutritional assistance in the Commonwealth of Puerto Rico.

Our comments to the draft report are enclosed. We appreciate your work in this area, and the opportunity to review your draft report.

Sincerely,

Betty Jo Nelsen
Betty Jo Nelsen
Administrator

Enclosure

Appendix V
Comments From the U.S. Department of
Agriculture

**Comments on GAO's Draft Report "Nutritional Conditions and
Program Alternatives in Puerto Rico"**

General

In its discussion of the potential costs of reinstating the Food Stamp Program (pgs. 6, 27-31), the report is silent as to what the program parameters would be under a restored Food Stamp Program. The benefit adjusted for historical differences between Puerto Rico and the mainland implies the cost of reinstituting the Food Stamp Program as it operated before the implementation of Nutrition Assistance Program (NAP). The report should make this assumption explicit and describe how the 1982 eligibility guidelines and program parameters differed from those used in the mainland.

See comment 1.

In several places (pgs. 6, 29 and 30), the draft report states or implies that USDA estimated 1.8 million Puerto Rico residents would have participated in the Food Stamp Program if it operated in Puerto Rico during Fiscal Year 1990. It would be more accurate to say that there is insufficient information to estimate the number of persons eligible and likely to receive benefits under a restored Food Stamp Program. If participation returned to levels observed in the early 1980's, about 1.8 million people would receive benefits in an average month.

See comment 2.

On page 28, the draft report uses the Consumer Price Index (CPI) for food to adjust the 1982 average food stamp benefit per person in Puerto Rico to estimate what the 1990 value might have been. This index may be an inappropriate measure to reflect changes in food stamp benefits. If we apply the CPI adjustment factor to the U.S. (excluding Puerto Rico) average food stamp benefit per person in 1982, we arrive at a figure which is only 83 percent of the 1990 actual benefit.

See comment 3.

The discussion on adjusting NAP criteria for Puerto Rico as some food stamp criteria were adjusted for some States and territories would be more complete if it mentions that USDA adjusted program parameters for the Food Stamp Program in Puerto Rico prior to implementation of NAP. The basic levels of allotments and deductions for the Food Stamp Program in Puerto Rico were different (and typically less) than the values on the mainland.

See comment 4.

Appendix V
Comments From the U.S. Department of
Agriculture

Specific

See comment 5.

Page 1 - 2nd paragraph. Since not everyone knows that Puerto Ricans are United States citizens, the 1st sentence should make this clear. Many Americans would read this to mean that essentially only emigres from the continental U.S. would be eligible for food assistance. Also, it is important to point out that Puerto Rican's do not have the same responsibilities of citizenship that other citizens have since Puerto Ricans in Puerto Rico are not subject to U.S. income taxes.

See comment 4.

The first sentence on pages 2 and 9 should replace "mismanagement" with "management" to maintain the more neutral connotations of "size" and "cost."

See comment 4.

Page 2 - 1st Paragraph, line 3
Add after the word "Congress", "enacted Public Law 97-35, the Omnibus Budget Reconciliation Act of 1981, (8/31/81), which provides a provision that replaced...."

Delete the words "in Fiscal Year 1981" that appears in that line

See comment 4.

The first sentence in the second paragraph on page 2 should delete "households" from (1). The second sentence should correct the typo in "identify."

See comment 4.

Page 2 - 2nd Paragraph, line 3
The word "Rican" should be changed to "Rico"

See comment 4.

The fourth sentence in the first full paragraph on page 4 should read "...nutrient intake in Puerto Rico and was similar...."

See comment 4.

Page 5 - 2nd paragraph. Quotation from the 1983 USDA study is used in such manner as to leave the impression that changes in food assistance program participation in Puerto Rico after 1983 were also due to NAP. Greater balance could be achieved by pointing out that food stamp participation declined for 5 straight years beginning in 1984.

See comment 4.

Page 6 - 3rd Paragraph, line 7
Change the word "provided" to "provide"

Page 6 - 4th paragraph. While GAO cannot assess the nutritional impacts of the three program alternatives, there is data available on the marginal propensity to consume food with increases in food stamp and cash assistance.

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Comments From the U.S. Department of
Agriculture

See comment 4.

While not specifically relating to Puerto Rico, this information could be quoted so that the reader is not left with the reasonable, but untrue sense that a dollar in food assistance causes a dollar in increased food purchases and commensurate increases in nutritional intake. Data suggest that purchases increase less than 50 cents for each dollar in food assistance provided.

See comment 4.

The third paragraph on page 6 suggests incorrectly by comparison that Alaska, Hawaii, Guam, and the Virgin Islands have the same flexibility as Puerto Rico to adjust participation criteria and benefits levels.

See comment 4.

Page 9 - 1st Paragraph, line 3
Add after the word "Congress", "enacted Public Law 97-35, the Omnibus Budget Reconciliation Act of 1981 which provides a provision that replaced...."

Delete the words "in Fiscal Year 1981" that appears in that line.

See comment 4.

The first full sentence on page 10 should note that the elderly and homeless can use coupons to purchase prepared foods. The third full sentence on page 10 should read "...20 million persons received...at a total annual cost for benefits of about \$14 billion." The fourth full sentence on page 10 should read "...at a total annual cost for benefits of \$17.3 billion."

See comment 6.

Page 10 - 2nd paragraph. Since 1981 was a full program year for Puerto Rico, and 1982 was not, it would seem more reasonable to use 1981 as a base year. Following the basic logic, it would appear that since Puerto Rican benefits were about 9 percent of non Puerto Rican benefits in 1981, that Puerto Rican benefits would have been about 9 percent in 1990. With 1990 non Puerto Rican benefits of \$14.184 billion, it would appear that a Puerto Rican program would have cost about \$1.3 billion, presumably for a caseload of about 1.8 million, just like in 1981.

See comment 4.

The second sentence in the first full paragraph on page 11 should clarify whether the "4 percent" is the total over the 5-year period or an annual figure. The first sentence in the second full paragraph should capitalize "act."

See comment 4.

The first full sentence on page 12 should state "...countable assets and monthly gross and net income." The third sentence should delete "cost-of living" and replace "childcare" with "dependent-care."

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See comment 4.

The second paragraph on page 12 suggests that average participation declined after implementation of NAP due solely to restriction on eligibility criteria made necessary by reductions in funding under NAP. Traditionally, participation in the Food Stamp Program is directly correlated to levels of unemployment yet no comparison of unemployment and participation levels during the period following NAP implementation is made. In fact, unemployment in Puerto Rico decreased more than 30 percent during the period 1983-1989.

See comment 4.

Page 12 - 3rd paragraph. We take no exception to the figures quoted in this paragraph. However, the quote from the 1983 USDA study is used in such manner as to leave the impression that changes in food assistance program participation in Puerto Rico after 1983 were also due to NAP. The following sentence should be inserted. "Meanwhile, participation decreases in the Food Stamp Program from 1983 to 1986 were from 22.4 million to 19.4 million, a decrease of just over 13 percent."

See comment 4.

The second sentence in the first full paragraph on page 13 should capitalize the "the" before Emergency Food Assistance Program.

See comment 4.

The second sentence in the first full paragraph on page 23 should read "...the data obtained in USDA's 1977 Nationwide Food Consumption Survey in Puerto Rico with...."

See comment 4.

Page 23 - 1st carry-over Paragraph, line 10
The "S" in "States" should be capitalized

See comment 4.

The last paragraph on page 28 refers to both the average monthly benefit and the annual benefit. The references should concur.

See comment 4.

Page 29 - the graph. It would be helpful if the \$50 value of NAP benefits in 1990 were shown in the graph labels, like the food stamp high and low estimates are.

See comment 7.

The first sentence in the first full paragraph on page 30 should read "...cost of benefits to about...."

See comment 4.

Page 30 - 2nd first full Paragraph, line 4
Add the word "the" after the word "restoring"

See comment 4.

Page 31 - 1st Paragraph, line 6
Delete the words "printing" and "collecting"

See comment 4.

The second sentence on page 31 should read "...the Food Stamp Program that are required...."

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See comment 4.

Page 33 - 1st Paragraph, line 7
Add in the () after the word after "allowable"

See comment 4.

Page 33 - 1st paragraph, line 8
Delete the word "expenses" and replace with the word
"deductions"

See comment 4.

Page 33 - 1st Paragraph, line 9
Delete the word "deducted" and replace with the word
"subtracted"

See comment 4.

The first paragraph should note that households with elderly
or disabled members must meet only the net income test.

The second paragraph on page 33 should note that the
adjustments to the gross and net income limits in Alaska and
Hawaii are based on statute; as currently worded, it might
imply that USDA acted on its own.

Pages 33 - last paragraph. GAO may wish to use the
following more detailed discussion of the origins of the
Hawaii and Alaska program adjustments.

"The income guidelines for Alaska is increased over the
48 contiguous States by 25 percent and for Hawaii by 15
percent based on an administrative practice begun by
the Office of Economic Opportunity (OEO) in January
1966 for Alaska and in October of 1969 for Hawaii. The
basis was the OPM salary differentials for Federal
workers between Washington, D.C., and those areas.
Each year, when DHHS updates the income poverty levels
for the contiguous 48 States to determine the Alaska
and Hawaii poverty lines. OPM recently completed a
study through which it would update the salary
differentials (the study is published in the Federal
Register at 56 FR 7902, February 26, 1991), but the
ratios have not been updated."

See comment 4.

The first sentence of the second paragraph on page 34 should
delete "of." The third sentence should replace "a
'shelter' deduction" with "an excess shelter expense
deduction cap." The last sentence on page 34 should delete
"Under." and capitalize the first "the."

See comment 4.

Page 34 - 2nd full Paragraph, line 4
Delete the "s" in the word household and Add an
"apostrophe s"

See comment 4.

Page 34 - 3rd Paragraph, line 1
Take out the "apostrophe s" in the word "Program"

See comment 8.

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In Appendix I, the gross and net income limits should indicate for "household of 4;" medical deductions and "minimum benefits" should be singular and "dependent" should replace "child." For minimum benefit under NAP, it should read "...benefits below \$10 receive \$10." Also, footnote 1 should read "...in effect in Puerto Rico in June 1982.;" footnote 2 should read "...provisions were in effect in July 1982."

See comment 9.

Pages 32 through 36. The report discusses adjustment of various program parameters for Puerto Rican programs and leave the impression that Puerto Rico's costs are very much higher than in the continental U.S. This may not take into account certain available information from a recent OPM study published in the Federal Register at 56 FR 7902, February 26, 1991. GAO may want to use some of the following information.

The study compares living costs between certain nonforeign overseas areas and Washington, D.C. Cost differences among lower, middle and upper income groups for non military Federal employees with annual base salaries between \$10,000 and \$80,000 were analyzed. The midpoint of the "lower income" group studied was \$18,000, which is higher than the NAP program cut off (for a family of 4 for the Food Stamp Program in 1990), but still low. The market baskets used in OPM's study took into account the extra cost of transportation and other factors relating to harsh or isolated living conditions, the local food and brand preferences, etc. Data on housing and other costs also would appear to be appropriately focused to inform some of the GAO analysis.

See comment 10.

The following are GAO's comments on the U.S. Department of Agriculture's letter dated May 5, 1992.

GAO Comments

1. We have revised the report to indicate that our analysis was based upon a restored Food Stamp Program operating under the same parameters as the program operated before the implementation of NAP.
2. We have revised the report to emphasize that the precise number of participants under a restored Food Stamp Program cannot be determined. However, Congressional Budget Office and USDA estimates have been used to approximate the costs of a restored Food Stamp Program.
3. Estimates of the benefit levels that would have been provided to recipients under the Food Stamp Program, had the program continued to operate in the Commonwealth, depend upon the methods used to calculate the amount. Recognizing that several possible methods could be used to develop an estimate, we chose to employ the Consumer Price Index for food in conjunction with historical data to develop a range of possible benefit levels that might have been provided to food stamp recipients in fiscal year 1990. We believe that this approach is more prudent than the use of any single indicator.
4. We have modified the report to reflect this comment.
5. We have added the statement in the report that Puerto Ricans are U.S. citizens. However, grant programs are extended differently in U.S. territories and possessions, including Puerto Rico, for a variety of historical, economic, and social development reasons. The exemption from U.S. income tax is only one example of how federal policy recognizes the special factors associated with these areas.
6. We did not modify the report to use fiscal year 1981 as a base year to estimate total program benefit costs for fiscal year 1990 because relevant information was available for 9 months of fiscal year 1982. We used fiscal year 1982 as a base year because it was the last year that the Food Stamp Program operated in Puerto Rico and, therefore, afforded the most current data available. Because the ratio of mainland to Puerto Rican food stamp benefits changed over time, we calculated average benefits for the 8-year period that the Food Stamp Program operated in Puerto Rico, rather than for the 1-year period that USDA suggested. It should also be noted that our estimated participation range of 1.2 million to 1.6 million food stamp

recipients covers USDA's estimate of 1.3 million. In discussions with USDA concerning this comment, the agency reiterated that 1981 might have been a more reasonable base year for our estimates. However, USDA agreed with us that many variables are involved in projecting hypothetical food stamp cost and participation levels, given that the Food Stamp Program was discontinued in Puerto Rico in 1982. USDA also stated that a complex, lengthy, and expensive analysis would be required to derive more precise estimates of these levels and that GAO's development of a range of possible cost estimates was a sound approach for the purposes of our review.

7. We have not made this change because the statement describes the possible range of benefit costs of restoring the Food Stamp Program in Puerto Rico.
8. We have not modified the report because the suggested edit would not alter the meaning of the sentence.
9. We have made the appropriate changes to appendix I of the report. However, review of information contained in Puerto Rico's operating plans for NAP indicates that USDA's suggested changes concerning minimum NAP payments and footnote 2 are inaccurate. We did not make these changes in the report.
10. A cost-of-living comparison between the United States (including any specific city or region) and Puerto Rico was beyond the scope of our review. Also, geographic, economic, cultural, and demographic differences could affect the accuracy and reliability of such a comparison.

Comments From the Governor of the Commonwealth of Puerto Rico

Note: GAO comments supplementing those in the report text appear at the end of this appendix.

COMMONWEALTH OF PUERTO RICO

OFFICE OF THE GOVERNOR
SAN JUAN, PUERTO RICO 00901



April 24, 1992

Mr. Charles A. Bowsher
Comptroller General
U.S. General Accounting Office
441 G St., N.W.
Washington, D.C. 20548

Dear Mr. Bowsher:

Section 1762 of P.L. 101-624, The Food, Agriculture, Conservation and Trade Act of 1990, requires the U.S. General Accounting Office to conduct an analysis of the nutritional needs of the citizens of the Commonwealth of Puerto Rico and to report its findings no later than August 1, 1992.

P.L. 101-624 states that "The Comptroller General of the United States shall conduct a study of:

- 1) the nutritional needs of the citizens of the Commonwealth of Puerto Rico, including:
 - (A) the adequacy of the nutritional level of the diets of members of households receiving assistance under the nutrition assistance program and other households not currently receiving the assistance;
 - (B) the incidence of inadequate nutrition among children and the elderly residing in the Commonwealth;
 - (C) the nutritional impact of restoring the level of nutritional assistance provided to households in the Commonwealth to the level of the assistance provided to other households in the United States; and
 - (D) such other factors as the Comptroller General considers appropriate; and
- 2) the potential alternative means of providing nutritional assistance in the Commonwealth of Puerto Rico, including:
 - (A) the impact of restoring the Commonwealth to the food stamp program;
 - (B) increasing the benefits provided under the nutrition assistance program to the aggregate value

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of food stamp coupons that would be distributed to households in the Commonwealth if the Commonwealth were to participate in the food stamp program; and

- (C) the usefulness of adjustments to standards of eligibility and other factors appropriate to the circumstances of the Commonwealth comparable to those adjustments made under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.) for Alaska, Hawaii, Guam, and the Virgin Islands of the United States.

REPORT OF FINDINGS - Not later than August 1, 1992, the Comptroller General shall submit a final report on the findings of the study required under subsection (c) to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate."

In mandating the study Congress aimed to implement its policy "that citizens of the United States who reside in the Commonwealth of Puerto Rico should be safeguarded against hunger and treated on an equitable and fair basis with other citizens under Federal nutritional programs." (Section 762, (a) Policy of Congress). Congress intended the study to provide pertinent and current data on (1) the nutritional needs of the people of the Commonwealth of Puerto Rico and (2) the potential alternative means of providing nutritional assistance in Puerto Rico including increasing benefits, adjusting eligibility standards, and restoring Puerto Rico to the Food Stamps program.

The efforts of the General Accounting Office to comply with Congress' mandate are commendable. GAO conducted a detailed literature research and extensive interviews with Puerto Rican professionals in the areas of health, social policy and nutrition. The information compiled by GAO demonstrates the expertise of Island health and nutrition professionals, academics and health specialists on nutritional needs. GAO also diligently gathered data from Federal and Commonwealth agencies.

However, GAO's draft study Food Assistance: Nutritional Conditions and Program Alternatives in Puerto Rico wholly fails to meet Congress' intent in mandating the study:

- (1) Nutritional need in Puerto Rico is not analyzed; no objective nutrition parameters are presented; and reference is made to several outdated nutrition assays conducted in Puerto Rico so limited in scope that they do not provide a basis on which to extrapolate to the general population. GAO states that "Some islandwide nutrition studies have been completed over the years; however, none are current, and none can be used to describe the current nutritional status of the general Puerto Rican population." (Draft; p.19).

See comment 1.

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See comment 2.

(2) No comparative analysis of the various alternatives for providing nutritional assistance that would safeguard Puerto Ricans against hunger and inadequate nutrition is provided. The study fails separately to analyze the Congressionally identified options of (a) restoring the Food Stamp program; (b) increasing NAP benefits; or (c) changing NAP eligibility rules by adjusting for higher food and housing costs in Puerto Rico.

Since nutritional need in Puerto Rico is not fully described in the report, nor quantified through reliable scientific parameters, no grounds are provided on which to compare the various alternatives and their relative advantages. GAO's discussion of these alternatives is limited to a description of the additional funds that would be allocated to Puerto Rico if federal nutrition assistance programs fully applied on the Island and the current benefit formulae were implemented. Finally, GAO states that it "could not assess the possible nutritional impacts of these three program alternatives" (Draft; p.6). Such information is crucial for Congress' evaluation of the NAP and to improve its services.

GAO explains that the cost of conducting an islandwide nutritional study and Congress' instructions that findings be presented by August 1, 1992 prompted it to limit its scope to available information only. This decision decisively flaws GAO's report and renders it an inconclusive literature review of outdated and unreliable nutrition studies in Puerto Rico. Let the report speak by itself:

- . "Studies and information on the nutritional conditions in Puerto Rico are either not up-to-date or too limited in scope to be of value in determining the present nutritional situation of the Puerto Rican population, children, and the elderly." (Draft; p.4).
- . "According to some of these studies, the average Puerto Rican diet appeared sufficient to meet the recommended dietary standards and nutrient intake in Puerto Rico was similar to that in the United States. However, these studies cannot be used to characterize nutrition in Puerto Rico." (Draft. p.4).

Based on this report, GAO will not be able to advise Congress as to current nutritional needs in Puerto Rico, the effectiveness of current nutritional assistance, and the nutritional impact of adjusting that assistance to match coverage under Food Stamps. GAO states that "...we could not assess the adequacy of present-day nutrition in Puerto Rico or the nutritional impact of changing from the Food Stamp Program to NAP..." (Draft;p.26).

GAO raises several important issues that deserve further

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analysis. Absent compelling evidence to the contrary, the unavoidable conclusion is that Puerto Ricans are not fully protected against inadequate nutrition. The evidence is compelling, and having failed to uncover contrary indications, GAO should have so concluded. For example, the report notes that prior to 1981, when Food Stamps was fully operational in Puerto Rico, "USDA reported that the overall levels of nutritional adequacy of household diets in Puerto Rico and the United States was similar." (Draft; pp. 22-23). GAO adds that "as a result of the conversion to NAP, about 1 to 12 percent of food stamp households in Puerto Rico might not meet 100 percent of their RDA for one or more of the 11 nutrients studied." (Draft; p. 23). There is no doubt that NAP eligibility restrictions and funding constraints since 1982 led to inadequate nutritional levels in Puerto Rico vis-à-vis the United States, and the status quo ante.

See comment 4.

In Section 1762 of P.L. 101-624 Congress directed GAO to address vital questions that require a complex methodology that goes beyond the scope of this draft report. Given the importance of this issue, and the Congressional determination to address it effectively, GAO should endeavour, the August 1, 1992 deadline notwithstanding, to complete a comprehensive analysis with short and long-term data collection objectives to adequately address Congress' information needs. Such an analysis would certainly take longer than the August 1, 1992 target date but would gather current and reliable facts to assist in policy decisions.

Of great importance is the lack of a comprehensive Thrifty Food Plan (TFP) in Puerto Rico. GAO rightly concludes that "NAP benefits could not be linked to nutrition unless (1) a food plan was developed for Puerto Rico and (2) NAP funding was adjusted regularly to reflect changes in the cost of the plan." (Draft; p.37). GAO should conduct a comprehensive study of poverty levels and cost of living indicators to properly account for the Island's higher food and housing costs in developing the Puerto Rico TFP. This TFP would allow Puerto Rico to restructure NAP gross and net income eligibility standards and will put the Commonwealth on an equal footing with offshore jurisdictions such as Hawaii and Alaska, where cost of living differentials are considered.

As I testified before the Senate Committee on Agriculture in November of 1989, it is my firm conviction that the applicability of federal social programs to Puerto Ricans, particularly nutrition assistance, is an issue of basic social justice for U.S. citizens. "The needy people of Puerto Rico face the same need for food as needy people in other jurisdictions in the United States. The aim of the Food Stamp legislation was precisely to assure that no family in America should go hungry. Our society is based on the firm belief that all U.S. citizens who are unable to provide for themselves in our free enterprise system are entitled to a minimal safety net. Effective measures must be undertaken to guarantee that Puerto Ricans receive adequate treatment in an area so basic

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and fundamental as fighting hunger and attaining an adequate nutrition." Congress intended this study to be one of these measures.

This draft report is an important step towards a precise and scientific assessment of nutrition assistance and nutrition need in Puerto Rico. I commend the GAO for its diligence in spite of limited time and resources. I thank you for the opportunity to study this draft. I hope these recommendations and comments assist you in strengthening the study and in completing this most urgent and important task.

Should you need additional assistance, please contact Mr. José R. Martínez, Director of the Puerto Rico Federal Affairs Administration, at (202) 778-0710.

Cordially,

Rafael Hernández Colón

c: Mr. John W. Harman

The following are GAO's comments on the Governor of Puerto Rico's letter dated April 24, 1992.

GAO Comments

1. As a result of GAO's discussions with the Senate Committee on Agriculture, Nutrition, and Forestry; the House Committee on Agriculture; and the Resident Commissioner of Puerto Rico (Puerto Rico's congressional representative), the scope of the required study was modified. During meetings with these offices in December 1990 and January 1991, GAO explained that measuring the nutritional needs of the citizens of Puerto Rico, as mandated by section 1762(c)(1) of the Food, Agriculture, Conservation, and Trade Act of 1990 (P.L. 101-624), would require a nutrition survey that would provide a reliable measure of nutritional adequacy. GAO noted that conducting such a survey would be costly and time-consuming. Following these discussions, it was agreed that since a nutrition survey could not be completed by the reporting date of August 1, 1992, GAO would not conduct a survey in Puerto Rico but would, instead, rely primarily on available nutrition information from federal, Commonwealth, and other sources to satisfy the requirements of this section.
2. After an extensive literature search, GAO found that nutrition data on the Puerto Rican population were scarce. As the report states, the available data were out of date and did not reflect current nutritional conditions in the Commonwealth. Consequently, GAO's analysis of current nutritional conditions in Puerto Rico was limited by the availability of relevant data.
3. As chapter 3 states, current information on the nutritional status of the Puerto Rican population was not available, and therefore we did not have a nutritional basis for comparing the three possible program alternatives and their relative nutritional advantages.
4. GAO does not agree with the Governor's position that "absent compelling evidence to the contrary, the unavoidable conclusion is that Puerto Ricans are not fully protected against inadequate nutrition." Our review of the available nutrition information indicated that data were not sufficient to draw any conclusions regarding current nutrition in Puerto Rico. In addition, the nutritional impacts on the Puerto Rican population of changing from food stamps to NAP could not be assessed because reliable data were not available.

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